

**Paragon Village
Hackettstown (Mt. Olive Township), Morris County
HMFA #1316/ALR #33**

Operating Information

- a. Rent Profile With Fee Summary
- b. Operating Statement – (September-October Comparison)
- c. Operating Statement (January-October YTC)
- d. Census - Independent Living
- e. Census – Assisted Living
- f. Original PILOT Agreement
- g. Operations Commentary

PARAGON VILLAGE™

Senior Living Community

2013 RATES



ASSISTED LIVING (2nd Person Fee = \$1,041/month)

	<u>Sq. Ft.</u>	<u>Monthly Rate</u>	<u>Village Fee</u>	<u>Security</u>
Small Studio(8)	240	4,288.00	4,288.00	6,432.00
Medium Studio (29)	290	4,526.00	4,526.00	6,789.00
Deluxe Studio (9)	340	4,653.00	4,653.00	6,979.50
Small One Bedroom (1)	340	4,872.00	4,872.00	7,308.00
Deluxe One Bedroom (10)	425	5,080.00	5,080.00	7,620.00
One Bedroom Flex	545	5,268.00	5,268.00	7,902.00
Shared Studio (6)	530	2,957.00	2,957.00	4,435.50
Shared Suite-Medicaid *	530	754.55	-	

WILLOWS (Memory Impaired Community)

Small Studio (0)		4,958.00	4,958.00	7,437.00
Medium Studio (14)	290	5,237.00	5,237.00	7,855.50
Large Studio (2)	340	5,395.00	5,395.00	8,092.50
Shared Studio (2)	460	2,957.00	2,957.00	4,435.50

INDEPENDENT LIVING

(2nd Person Fee = \$798/Month)

Eisenhower (Studio) 16	370	2,042.00	2,042.00	3,063.00
Jefferson (1 Bdrm) 24	505	2,911.00	2,911.00	4,366.50
Coolidge (1 Bdrm) 3	510	3,028.00	3,028.00	4,542.00
Roosevelt (1 Bdrm) 3	519	3,149.00	3,149.00	4,723.50
Monroe (1 Bdrm) 3	660	3,149.00	3,149.00	4,723.50
Kennedy (1 Bdrm) 3	544	3,285.00	3,285.00	4,927.50
Washington (1 Bdrm) 3	680	3,332.00	3,332.00	4,998.00
Adams (1 Bdrm) 6	895	3,901.00	3,901.00	5,851.50
Madison (2 Bdrm) 4	965	4,379.00	4,379.00	6,568.50
Lincoln (2 Bdrm) 3	1050	4,496.00	4,496.00	6,744.00
Capitol (2 Bdrm) 2	1100	5,034.00	5,034.00	7,551.00

* Resident Share

Levels-of-Care

Level 1 = \$25/day

Level 2 = \$40/day

Level 3 = \$65/day

Level 4 = \$80/day

Level 5 = \$95/day

P&L Analytics

2013

Revenue

		Oct	Sept	Variance \$\$\$	Variance %
Total Mo. Revenue	\$	515,014	\$ 490,292	\$ 24,722	5.04%
per diem	\$	16,613	\$ 16,343	\$ 270	1.65%
AL rent	\$	345,096	\$ 335,056	\$ 10,040	3.00%
IL rent	\$	143,386	\$ 133,711	\$ 9,675	7.24%

Expense

Total Mo. Expense	\$	499,679	\$ 408,255	\$ 91,424	22.39%
per diem	\$	16,119	\$ 13,609	\$ 2,510	18.45%
Salaries, etc	\$	378,604	\$ 272,958	\$ 105,646	
per diem	\$	12,213.03	\$ 9,098.60	\$ 3,114	34.23%
Dietary	\$	47,168	\$ 37,180	\$ 9,988	26.86%
per diem	\$	1,521.55	\$ 1,239.33	\$ 282	22.77%
Housekeeping	\$	6,487	\$ 6,131	\$ 356	5.81%
per diem	\$	209.26	\$ 204.37	\$ 5	2.39%

Paragon Village
Profit Loss Statement for the Periods Ended

	September-13	Jan-Sep 2013	Oct-13	Jan-Oct 2013
Income				
Village Fees	0	37,979	6,911	44,890
Assisted Living Rent	335,056	2,916,328	345,096	3,261,425
Independent Living	133,711	1,172,575	143,386	1,315,961
Sublets	150	1,350	150	1,500
Total Apartment Rents	468,917	4,128,232	495,543	4,623,775
Various Billable Items	21,375	179,249	19,471	198,719
Total Income	490,292	4,307,481	515,014	4,822,495
Expenses				
Administrative	17,528	139,004	17,386	156,390
Salaries and Related Charges	272,958	2,599,225	378,604	2,977,829
Dietary	37,180	317,855	47,168	364,958
Housekeeping	6,131	38,007	6,487	44,494
Maintenance & Repairs	42,395	290,678	26,240	318,443
Utilities	32,062	312,283	23,793	336,021
Total Expenses	408,255	3,697,052	499,679	4,198,135
	82,037	610,429	15,335	624,360
Other Expenses				
Interest	120	2,120	31	2,151
Miscellaneous (Licenses & Fees)	0	300	0	300
Management Fees	12,500	100,000	12,500	112,500
Total Other Expenses	12,620	102,420	12,531	114,951
Earnings before interest, taxes, depreciation, amortization	69,417	508,010	2,804	509,409

Please note: May and October have 3 payrols in onel month.

2013 IL Paragon Census

Model	# Avail. Units	70															
		Private		April		May		June		July		August		September		October	
		Rate	Private	Low Income	Private	Low Income	Private	Low Income	Private	Low Income	Private	Low Income	Private	Low Income	Private	Low Income	
Eisenhower (Studio)	16	\$ 2,010.00		8	8	8	8	8	8	8	8	8	8	8	8	8	
Jeferson (1 Bedroom)	24	\$ 2,865.00		13	11	13	11	13	11	13	11	12	11	12	11	13	
Coolidge (1 Bedroom)	3	\$ 2,980.00				3		3		3		3		3		3	
Roosevelt (1 Bedroom)	3	\$ 3,099.00		1	1	2	1	1	1	2	1	2	1	2	1	2	
Kennedy (1 Bedroom)	3	\$ 3,233.00		1	1	1	1	2	1	1	1	1	1	1	1	1	
Monroe (1 Bedroom)	3	\$ 3,099.00		2		2		3		3		3		2		2	
Washington (1 Bedroom)	3	\$ 3,280.00		3		3		3		3		3		3		3	
Adams (1 Bedroom)	6	\$ 3,840.00		5		5		5		5		5		5		6	
Madison (2 Bedroom)	4	\$ 4,310.00		1		1		1		2		3		2		3	
Lincoln (2 Bedroom)	3	\$ 4,425.00				2		2		2		2		2		2	
Capitol Suite (2 Bedroom)	2	\$ 4,955.00		2		2		2		2		2		2		2	
%Occupancy				86%		90%		91%		93%		93%		90%		94%	

**** Occupancy indicated by number of units occupied

* 1 Lincoln is being used by agency personnel (#106) and therefore not available to rent and is accounted for as occupied.

Paragon Village AL Census

Oct-13

Oct-13

	In House				BedHold			
	Private	Caid	Pending	Total	Private	Caid	Pnd	Total
10/1	50	26	-	76	1	-	-	1
10/2	49	26	-	75	1	-	-	1
10/3	50	26	-	76	1	-	-	1
10/4	49	26	-	75	2	-	-	2
10/5	49	26	-	75	2	-	-	2
10/6	49	26	-	75	2	-	-	2
10/7	49	26	-	75	2	-	-	2
10/8	49	26	-	75	2	-	-	2
10/9	49	25	-	74	2	1	-	3
10/10	50	24	-	74	1	2	-	3
10/11	50	24	-	74	1	2	-	3
10/12	51	24	-	75	-	2	-	2
10/13	51	24	-	75	-	2	-	2
10/14	51	25	-	76	-	1	-	1
10/15	51	25	-	76	-	1	-	1
10/16	51	25	-	76	-	1	-	1
10/17	50	24	-	74	1	2	-	3
10/18	50	26	-	76	1	-	-	1
10/19	49	26	-	75	2	-	-	2
10/20	49	26	-	75	2	-	-	2
10/21	50	26	-	76	1	-	-	1
10/22	50	26	-	76	1	-	-	1
10/23	50	25	-	75	1	-	-	1
10/24	50	25	-	75	1	-	-	1
10/25	51	25	-	76	1	-	-	1
10/26	51	26	-	77	1	-	-	1
10/27	50	26	-	76	2	-	-	2
10/28	51	25	-	76	1	1	-	2
10/29	51	25	-	76	1	1	-	2
10/30	51	25	-	76	1	1	-	2
10/31	51	25	-	76	1	-	-	1
	1,552	785	-	2,337	35	17	-	52
Retro Adj	-	-	-	-	-	-	-	-
Monthly Totals	1,552	785	-	2,337	35	17	-	52

Paragon Village AL
Census

Total
77
76
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2,389
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2,389

OK

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

THIS AGREEMENT, made this 28th day of November, 2000, between Paragon Village, L.L.C., a limited liability company of the State of New Jersey, having its principal office at 100 Hanover Avenue, Suite 302, Cedar Knolls, New Jersey 07927 (hereinafter the "Sponsor") and the Township of Mt. Olive, a municipal corporation in the County of Morris and State of New Jersey (hereinafter the "Municipality").

WITNESSETH

In consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

1. This Agreement is made pursuant to the authority contained in Section 37 of the New Jersey Housing and Mortgage Finance Agency Law of 1983 (N.J.S.A. 55:14K-1 et seq. (hereinafter "HMFA Law") and a Resolution of the Township Council of the Municipality dated November 28, 2000, (the "Resolution") and with the approval of the New Jersey Housing and Mortgage Finance Agency (hereinafter the "Agency"), as required by N.J.S.A. 55:14K-37.

2. The Project is or will be situated on that parcel of land designated as Block 8400, Lot 9 as shown on the Official Assessment Map of the Township of Mt. Olive and more commonly referred to as 425 Route 46, Budd Lake, New Jersey.

3. As of the date the Sponsor executes a first mortgage upon the Project in favor of the Agency (hereinafter referred to as the "Agency Mortgage"), the land and improvements comprising the Project shall be exempt from real property taxes, provided that the Sponsor shall make payments in lieu of taxes to the Municipality as provided hereinafter. The exemption of the Project from real property taxation and the sponsor's obligation to make payments in lieu of taxes shall not extend beyond the date on which the Agency Mortgage is paid in full, which, according to the HMFA Law, may not exceed fifty (50) years.

4. (a) For projects receiving construction and permanent financing from the Agency, the Sponsor shall make payment to the Municipality of an annual service charge in lieu of taxes in such amount as follows:

1. From the date of the execution of the Agency Mortgage until the date of substantial completion of the Project, the Sponsor shall make payment to the municipality in an amount equal to \$10,413.90 (pursuant to the HMFA Law, the annual amount may not exceed the amount of taxes due on the property for the year preceding the recording of the Agency Mortgage). As used herein, "Substantial Completion" means the date upon which the Municipality issues the Certificate of Occupancy for the first unit in the Project.

2. From the date of Substantial Completion of the Project and for the remaining term of the NJHMFA Mortgage, the Sponsor shall make payment to the Municipality in an amount to be calculated in accordance with Exhibit "A" attached hereto and made a part hereof, based upon Project Revenues.

(b) Not applicable.

(c) As used herein, "Project Revenues" means the total annual gross rental or carrying charge or other income of the Sponsor from the Project less the costs of means and services furnished by the Project and less the cost of utilities furnished by the Project, which shall include the cost of gas, electricity, heating fuel, water supplied, and sewage charges, if any. Project Revenues shall not include any rental subsidy contributions received from any federal or state program.

(d) The amount of payment in lieu of taxes to be paid pursuant to paragraphs (a) or (b) and (c) above is calculated in Exhibit "A" attached hereto. It is expressly understood and agreed that the revenue projections provided to the Municipality as set forth in Exhibit "A" and as part of the Sponsor's application for an agreement for payments in lieu of taxes are estimates only. The actual payments in lieu of taxes to be paid by the Sponsor shall be determined pursuant to Section 5 below.

5. (a) Payments by the Sponsor shall be made on a quarterly basis in accordance with bills issued by the Tax Collector of the Municipality in the same manner and on the same dates as real estate taxes are paid to the Municipality and shall be based upon Project Revenues of the previous quarter as set forth in Exhibit "A". No later than three (3) months following the end of the first fiscal year of operation after (i) the date of Substantial Completion (for projects receiving construction and permanent financing) or (ii) the date of the Agency Mortgage (for projects receiving permanent financing only) and each year thereafter that this Agreement remains in effect, the Sponsor shall submit to the Municipality a certified, audited financial statement of the operation of the Project (the "Audit") setting forth the Project Revenues and the total payments in lieu of taxes due to the Municipality to be calculated in accordance with Exhibit "A" attached hereto and made a part hereof, based on Project Revenues as set forth in the Audit (The "Audit Amount"). The Sponsor simultaneously shall pay the difference, if any between (i) the Audit Amount and (ii) payments made by the Sponsor to the Municipality for the preceding fiscal year. The Municipality may accept any such payment without prejudice to its right to challenge the amount due. In the event that the payments made by the Sponsor for any fiscal year shall exceed the Audit Amount for such fiscal year, the Municipality shall credit the amount of such excess to the account of the Sponsor.

(b) All payments pursuant to this Agreement shall be in lieu of taxes and the Municipality shall have all the rights and remedies of tax enforcement granted to Municipalities by law just as if said payments constituted regular tax obligations on real property within the Municipality. If, however, the Municipality disputes the total amount of the annual payment in lieu of taxes due it, based upon the Audit, it may apply to the Superior Court, Chancery Division for an accounting of the service charge due the Municipality, in accordance with this Agreement and HMFA Law. Any such action must be commenced within one year of the receipt of the Audit by the Municipality.

(c) In the event of any delinquency in the aforesaid payments, the Municipality shall give notice to the Sponsor and NJHMFA in the manner set forth in 9(a) below, prior to any legal action being taken.

6. The tax exemption provided herein shall apply only so long as the Sponsor or its successors and assigns and the Project remain subject to the provisions of the HMFA Law and Regulations made thereunder and the supervision of the Agency, but in no event longer than the term of the Agency Mortgage. In the event of (a) a sale, transfer or conveyance of the Project by the Sponsor or (b) a change in the organizational structure of the Sponsor, this Agreement shall be assigned to the Sponsor's successor and shall continue in full force and effect so long as the successor entity qualifies under the HMFA Law or any other state law applicable at the time of the assignment of this Agreement and assumes the Agency Mortgage.

7. Upon any termination of such tax exemption, whether by affirmative action of the Sponsor, its successors and assigns, or by virtue of the provisions of the HMFA Law, or any, other applicable state law, the Project shall be taxed as omitted property in accordance with the law.

8. The Sponsor, its successors and assigns shall, upon request, permit inspection of property, equipment, buildings and other facilities of the Project and also documents and papers by representatives duly authorized by the Municipality. Any such inspection, examination or audit shall be made during reasonable hours of the business day, in the presence of an officer or agent of the Sponsor or its successors and assigns.

9. Any notice or communication sent by either party to the other hereunder shall, be sent by certified mail, return receipt requested, addressed as follows:

(a) When sent by the Municipality to the Sponsor, it shall be addressed to Paragon Village, L.L.C. [attn: Vincent Paragano], 100 Hanover Avenue, Suite 302, Cedar Knolls, New Jersey 07927, or to such other address as the Sponsor may hereafter designated in writing and a copy of said notice or communication by the Municipality to the Sponsor shall be sent by the Municipality to the New Jersey Housing Mortgage Finance Agency, 637 South Clinton Avenue, P. O. Box 18550, Trenton, New Jersey 08650-2085.

(b) When sent by the Sponsor to the Municipality, it shall be addressed to the Township Clerk, 204 Flanders-Drakestown Road, P.O. Box 450, Budd Lake, New Jersey 07828 or to such other address as the Municipality may designate in writing; and a copy of said notice or communication by the Sponsor to the Municipality shall be sent by the Sponsor to the New Jersey Housing and Mortgage, Finance Agency, 637 South Clinton Avenue, P. O. Box 18550, Trenton, NJ 08650-2095.

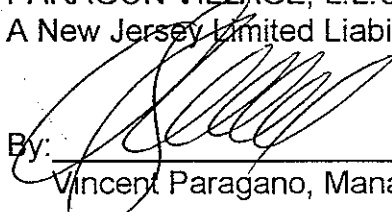
10. In the event of a breach of this Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court, Chancery Division, to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the HMFA Law,

ATTEST:



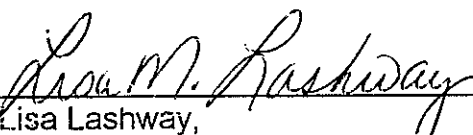
NAZARIO PARAGANO

PARAGON VILLAGE, L.L.C.
A New Jersey Limited Liability Company

By: 

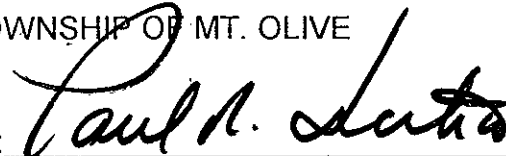
Vincent Paragano, Managing Member

ATTEST:



Lisa Lashway,
Township Clerk

TOWNSHIP OF MT. OLIVE

By: 

Paul Licitra, Mayor

EXHIBIT "A"

- 1) While the project is under construction, the sponsor shall make in lieu of tax payments of \$10,413.90 per year (Prorated if completed in the middle of the year). This is equal to the amount paid on the property the year before the P.I.L.O.T. agreement was reached as required by HMFA statute 55:14K-37. Once a Certificate of Occupancy is issued on the first building (Independent Living), the sponsor will pay \$2,600 per month (payments due quarterly). When the State Department of Health issues a License on the second building (Assisted Living), the sponsor will pay \$4,000 per month (payments due quarterly) until the beginning of the next calendar year.
- 2) The January 1st following the issuance of a State Department of Health License on the Assisted Living building will be referred to as Year 1. Beginning in Year 1, the sponsor shall make annual in lieu of tax payments of 6.28% of project revenues (Gross Rents less vacancy and utilities expense which includes water and sewer charges, electricity and gas). The cost of meals and services will not be included in this calculation because Paragon includes this as a separate charge. There will be a minimum payment requirement beginning in Year 1.
- 3) The "P.I.L.O.T." payment schedule is illustrated as follows: (Payment will always be made quarterly when the regular tax bills are due; Feb 1, May 1, Aug 1 and Nov 1.)

<u>Year</u>	<u>Pmt</u>
Under construction	\$10,413.90/year (prorated if CO issued midyear)
After CO is issued on 1 st building	\$2600/mo until DOH License issued on 2 nd building
DOH License issued on 2 nd building	\$4000/mo until beginning of next calendar year
1	6.28% of project revenues or \$50,000 whichever is greater
2	6.28% of project revenues or \$75,000 whichever is greater
3	6.28% of project revenues or \$80,000 whichever is greater
4	6.28% of project revenues or \$90,000 whichever is greater
5	6.28% of project revenues or \$100,000 whichever is greater
6	6.28% of project revenues or \$100,000 whichever is greater
7	6.28% of project revenues or \$125,000 whichever is greater
8	6.28% of project revenues or \$125,000 whichever is greater
9	6.28% of project revenues or \$125,000 whichever is greater
10	6.28% of project revenues or \$125,000 whichever is greater
11	6.28% of project revenues or \$125,000 whichever is greater
12	6.28% of project revenues or \$125,000 whichever is greater
13	6.28% of project revenues or \$150,000 whichever is greater
14	6.28% of project revenues or \$150,000 whichever is greater

15	6.28% of project revenues or \$150,000 whichever is greater
16	6.28% of project revenues or \$150,000 whichever is greater
17	6.28% of project revenues or \$150,000 whichever is greater
18	6.28% of project revenues or \$150,000 whichever is greater
19	6.28% of project revenues or \$150,000 whichever is greater
20	6.28% of project revenues or \$175,000 whichever is greater
21	6.28% of project revenues or \$175,000 whichever is greater
22	6.28% of project revenues or \$175,000 whichever is greater
23	6.28% of project revenues or \$175,000 whichever is greater
24	6.28% of project revenues or \$175,000 whichever is greater
25	6.28% of project revenues or \$200,000 whichever is greater
26	6.28% of project revenues or \$200,000 whichever is greater
27	6.28% of project revenues or \$200,000 whichever is greater
28	6.28% of project revenues or \$200,000 whichever is greater
29	6.28% of project revenues or \$200,000 whichever is greater
30	6.28% of project revenues or \$200,000 whichever is greater

The property will be taxed regularly in year 31 or when the HMFA loan is paid in full.

4. Nothing in this Agreement shall in any way prohibit the Municipality from entering into P.I.L.O.T. Agreements with any other Sponsor of an independent or assisted living project eligible for a P.I.L.O.T. Agreement pursuant to New Jersey Law. However, the parties agree that if the Municipality approves a payment in lieu of taxes (P.I.L.O.T.) program for any other independent living facility or assisted living facility for any use similar to that use being proposed by the Sponsor during the term of this Agreement, the Sponsor shall be entitled to a similar P.I.L.O.T. Agreement on terms that are no less favorable to the Sponsor than the terms of this Agreement or the terms of such other P.I.L.O.T. Agreement, whichever is less. The P.I.L.O.T. payments hereunder and the P.I.L.O.T. payments under such new program shall be pro rated by the parties to reflect the comparable number of units between the complexes.

By way of example, the parties herein have intended that 45% of the Sponsor's P.I.L.O.T. program payments for the project are attributable to the assisted living program proposed by the Sponsor. If a new P.I.L.O.T. program were approved for another user within the Municipality for assisted living complex of an equal size to Sponsor's program providing for a P.I.L.O.T. payment of 5.9%, then 45% of the P.I.L.O.T. payments made by Sponsor shall be reduced to reflect a payment rate of 5.9% rather than the above provided rate of 6.28%. Similarly, if that similar assisted living complex were to obtain a P.I.L.O.T. program rate of 6.5%, the rate already specified herein would not be affected.

The restriction set forth in this paragraph number 4 shall not apply to any future independent living or assisted living facility which contains housing units which satisfy any deficiency in the Township's COAH obligation. In the event of any

such independent or assisted living housing project, the municipality shall be free to negotiate any P.I.L.O.T. Agreement which the Township deems appropriate in its sole discretion.

**RIDER TO AGREEMENT FOR PAYMENT IN LIEU OF TAXES
BETWEEN PARAGON VILLAGE, L.L.C. ("SPONSOR")
AND THE TOWNSHIP OF MT. OLIVE ("MUNICIPALITY")**

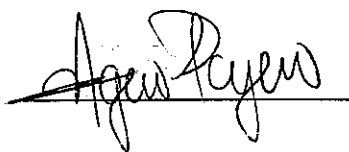
1. **THIS RIDER**, amends the terms of an agreement for Payment in Lieu of Taxes dated as of November 28, 2000 between the Sponsor and the Municipality (hereinafter the "Agreement"). Any discrepancies between the terms of this Rider and the terms of the Agreement shall be resolved in favor of this Rider. Except as modified herein, the terms of the Agreement shall remain in full force and effect.
2. The last sentence of Agreement Section 4(a)1 shall be deemed amended to read as follows:

"As used herein 'Substantial Completion' means the date upon which the Municipality issues the Certificate of Occupancy for all the units in the first building (the Independent Living Building) in the Project."

3. The second line of Agreement Section 4(c) shall be amended to substitute the word "meals" for the word "means".

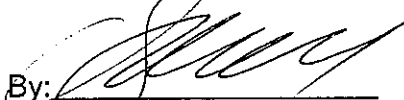
IN WITNESS WHEREOF, the Parties have executed this Agreement and represent to one another that they have full authority to execute and deliver and this Rider.

Witness:




PARAGON VILLAGE, L.L.C.

By:


Vincent Paragano
Manager/Member

Attest:


Lisa Lashway
Township Clerk

TOWNSHIP OF MT. OLIVE

By:


Paul Licitra
Mayor

Heathcare/rider to pilot

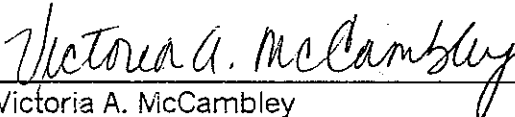
STATE OF NEW JERSEY, COUNTY OF MORRIS) SS:

I CERTIFY that on January 9, 2001,

VINCENT D. PARAGANO, Manager/Member of PARAGON VILLAGE, L.L.C., a New Jersey Limited Liability Company,

personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed this document; and
- (b) signed, sealed and delivered this document as the Company's act and deed.



Victoria A. McCambley

Notary Public of New Jersey

My Commission Expires: November 21, 2004

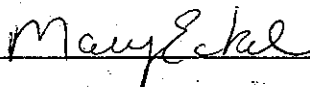
STATE OF NEW JERSEY, COUNTY OF MORRIS) SS:

I CERTIFY that on January 17, 2001,

PAUL LICITRA, MAYOR OF TOWNSHIP OF MT. OLIVE

personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed this document; and
- (b) signed, sealed and delivered this document as the Township's act and deed.



Notary Public of New Jersey

My Commission Expires:

MARY ECKEL
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 5/18/2004

**RESOLUTION OF THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF MOUNT OLIVE
APPROVING AN AGREEMENT FOR PAYMENT IN LIEU OF TAXES BETWEEN
PARAGON VILLAGE, LLC AND THE TOWNSHIP OF MOUNT OLIVE FOR
425 ROUTE 46, BLOCK NO. 8400 LOT NO. 9 ON THE TAX MAP OF THE
TOWNSHIP OF MOUNT OLIVE**

WHEREAS, the New Jersey Housing and Mortgage Finance Agency Law of 1983 (N.J.S.A. 55:14K-1 et sec.) allows municipalities to enter in agreements for payment in lieu of taxes for projects involving assisted living housing units; and

WHEREAS, Paragon Village, LLC (hereinafter the "sponsor") has obtained the approval of the New Jersey Housing and Mortgage Finance Agency for a proposed agreement for payment in lieu of taxes as required by N.J.S.A. 55:14K-37; and

WHEREAS, there have been a number of meetings, settlement negotiation sessions and conversations between various municipal officials of the Township of Mount Olive, including the Township Administrator, the Township Assessor and the Township Attorney with representatives of the sponsor; and

WHEREAS, as a result of said meetings, negotiations and discussions, a proposed agreement for payment in lieu of taxes has been drafted; and

WHEREAS, the Township Administrator, the Township Tax Assessor and the Township Attorney have reviewed and approved the form and content of the draft agreement, subject to the approval of the Council of the Township of Mount Olive; and

WHEREAS, the Council of the Township of Mount Olive has thoroughly reviewed the proposed agreement, and discussed the proposed agreement with the Township Administrator, the Township Tax Assessor and the Township Attorney; and

WHEREAS, the Township Council is satisfied that entering into the agreement is in the best interests of the Township of Mount Olive and its taxpayers, provided that the sponsor pays the legal fees of the Township Attorney in connection with said agreement.


NOW, THEREFORE, BE IT RESOLVED that the Council of the Township of Mount Olive hereby approves the proposed agreement for payment in lieu of taxes including Exhibit A attached to the agreement and a copy of said agreement and Exhibit A are attached to this resolution and incorporated in this resolution by reference and the Council of the Township of Mount Olive further authorizes and directs the Mayor and the Township Clerk to execute the attached agreement for payment in lieu of taxes once the legal officers

or designated representatives of the sponsor have signed same and the Council of the Township of Mount

Olive hereby further directs that the Township Clerk, the Township Tax Assessor and the Township Tax Collector retain a copy of this resolution and the fully executed agreement which is attached hereto as a part of their permanent records concerning the subject property.

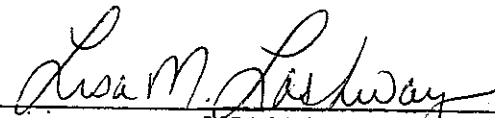
This resolution is subject to payment by the sponsor of the legal fees of the Township Attorney as provided herein.

TOWNSHIP OF MOUNT OLIVE



WILLIAM SOHL
MOUNT OLIVE TOWNSHIP COUNCIL PRESIDENT

I hereby certify the above to be a true copy of a resolution passed by the Mount Olive Township Council at a duly convened meeting held on November 28, 2000.



LISA M. LASHWAY
MOUNT OLIVE TOWNSHIP MUNICIPAL CLERK

Wednesday, November 13, 2013



NJ Housing and Mortgage Finance Agency

Report on Financial Operations

Paragon Village Project

Wednesday, November 13, 2013

- The year to date EBITDA value for the ten months ending October 31, 2013 is \$509,409. This number is inclusive of the turn-around months January through April 2013.
- The months of September and October 2013 were lower in EBITDA than prior trends.
- October with an EBITDA of \$2,804 had an extra payroll of \$105,646. Without a prior history of operations, there was not an opportunity to accrue payroll over twelve months to equalize the May and October for the extra payrolls in those months.
- Total monthly revenue was 2% higher in October over September, after equalizing for the difference in 1 extra day for October. Rent income for Independent Living was 7.24% higher in October than September.
- Dietary expense too high
The negative events in financial operations occurred in Dietary where equalized expenses month over month were 22.7% higher in October than in September. We are investigating this situation and have seen that it's a trend that is significantly out of line in September and October to prior periods. With the simplification in menus and the selection of vendors who offered more competitive pricing, costs should have lowered with no impact on quality. After revisiting the vendor billing detail which will take another two weeks, we are left with the possibility of "shrinkage". In our experience, the most effective means to confront this challenge is with video surveillance. While the payback in capital investment is 3-4 months, we are concerned that a capital investment at this point in time may be questionable for a short hold asset.